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Hulburd, Calvin Tiden

National finances, specie payments

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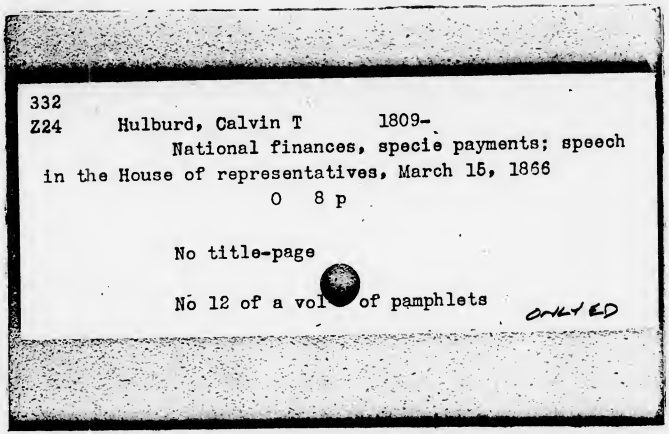
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SPEECH

OF

HON. CALVIN T. HULBURD, OF NEW YORK,

IN THE HOUSE OF REPRESENTATIVES, MARCH 15, 1866.

The House having under consideration the bill to amend "An act to provide ways and means to support the Government," approved March 3, 1865—

Mr. HULBURD said:

Mr. SPEAKER: The national public debt on the 1st day of March, 1866, was officially declared to be $2,827,868,959; the portion of it funded was $1,181,861,291; the portion of it not funded, bearing interest, was $1,181,434,980; the portion not funded and not bearing interest was $464,572,683. The last item includes the matured debt not presented for payment, $985,979, and $423,435,573 legal tenders. At that date there was reported by the Secretary, to be in the Treasury, coin and currency to the amount of $116,018,959.

Whatever the amount may be, it is subject to draft as follows:

At sight, amount of gold certificates	$12,627,600
On ten days' notice after thirty days, temporary loan	118,577,939
One year from date, certificates of indebtedness	62,264,000
One, two, and three-year five per cent. and compound-interest notes	182,549,041
Three-year seven-thirty notes mature in the years 1867 and 1868 to the amount of	813,044,000
In the same years six per cent. bonds mature to the amount of	18,323,591

It thus appears there is now due at the Treasury, and falling due in the next ensuing two years, interest-bearing and otherwise, liabilities to the amount of $1,676,958,854. Amount in the Treasury deducted leaves $1,560,939,895 to be provided for. Deducting $450,959,107 fractional currency and legal tenders not bearing interest, and the large amount of $1,109,980,788 remains to be provided for.

It may be worth noticing that in the year 1867 the options of the first issue of six per cent. five-twenty bonds become available. If the Treasury should then be in funds to retire them or place them at a lower rate of interest, it can thus find legitimate employment for all its spare means.

With such heavy interest-bearing liabilities constantly and rapidly maturing, why should the power be asked to call in and pay or fund the non-interest-bearing notes? A species of currency everywhere popular and satisfactory surely might be left out until the interest-bearing unfunded liabilities of Government have been retired or provided for. Or is the retirement of some $1,200,000,000 of such, expected to be of so easy accomplishment that more absorbent power and capacity should be asked?

Let us look a moment for, and at, the means wherewith such results are to be achieved. Should the system of customs and of internal revenue, ably and perspicuously set forth in the report of the revenue commission appointed by the Treasury Department, be substantially adopted—as I trust it will be, and realize when in operation all expectations—for some years it is estimated to yield only some $367,000,000 per annum. Allowing only an excess of expenditures of $16,000,000 over estimates, and there will be left, after paying interest and defraying current expenses of Government, to be applied to the liquidation of the principal of the public debt, all told, the yearly sum of about $67,000,000. Double this estimate, and still Government accruing liabilities are stupendously in excess of all imaginable receipts from all conceivable sources. What, then, shall be done? Does any one say more and heavier taxation?

While taxation is conceded to be the true touchstone of sound finance, no sane person familiar with the ubiquitous ramifications of our present tax system, will think of adding very much thereto or of being able to hunt up new objects of taxation. The school, highway, and district taxes, the ordinary municipal, town, county, and State taxes, the extraordinary undertakings and assessments by reason of bounties and other local war expenditures, though for the most part voluntarily incurred, nevertheless now constitute grievous burdens. Superadd to all these the multiform direct and indirect taxes which the United States assessor and collector and stamp purveyor exacts, and it will be acknowledged that, it is probable, for the present, endurable taxation has about reached a maximum.

How, then, are the existing and maturing obligations of the Government to be taken care of? Individuals embarrassed with heavy indebtedness usually ask time—time to adjust, time to economize and make provision, and, if solvent, in time, pay. Is not the principle that governs private interests in this particular broad and potent enough for public availability? This is the originating idea and the basis of

a funding system. In bringing in the bill under discussion, it is obvious the committee do not believe the national funding system a failure, or that the bottom of the national loan bag has been reached; nay, the bill proposes to enlarge its capacities.

The act of March 3, 1865, which this bill supplements and extends, in very broad terms, conferred the funding power upon the Secretary of the Treasury. The first section authorized him to issue bonds payable at any period, not less than five nor more than forty years from date, as he might deem expedient, and concluded with these words:

"And any Treasury notes, or other obligations, bearing interest, issued under any act of Congress, may, at the discretion of the Secretary of the Treasury, and with the consent of the holders, be converted into any description of bonds authorized by this act; and no bonds so authorized shall be considered a part of the amount of six hundred millions hereinbefore authorized."

The second section authorized the Secretary to dispose of any bonds or other obligations issued under this act, either in the United States or elsewhere in such manner and at such rates and under such conditions as he may think advisable, for coin or for other lawful money of the United States, or for any Treasury notes or other representatives of value which have been or may be issued under any act of Congress. A clause in the second section declares that the loan act of June 30, 1864, shall be so construed as to authorize the issue of bonds of any description authorized by this act, (March 3, 1865.)

The first section of the June act, so referred to and enlarged, authorizes the Secretary to dispose of any bonds, commonly known as five-twenties, remaining unsold in the United States, or, if he shall find it expedient, in Europe, at any time, or such terms as he may deem advisable for lawful money of the United States, at his discretion, for Treasury notes, &c., issued under any act of Congress.

Now, under these two acts—June, 1864, and March, 1865—can there be a doubt as to the power the Secretary has had and yet has to issue and sell, at home or abroad, and on such terms and time as by him thought advisable, six per cent. five-twenty coin bonds, to any amount, limited only by the consent of the holder of Treasury notes, certificates of indebtedness, certificates of deposit, or other representatives of value issued under any act of Congress, or of coin or lawful money of the United States, within the compass of his negotiation and control. In those acts there yet remains the unexhausted power conferred upon the Secretary, without additional legislation, to call in, if he so elects, every dollar of legal tenders in circulation, convert them into interest-bearing notes, and then fund them at his discretion. Broad and unquestioned as this somewhat latent authorization is, the committee now propose that he shall have the direct power, to be exercised at his discretion, to retire from circulation any Treasury notes or obligations, whether bearing interest or not, in exchange for any description of bonds authorized by these acts, and to dispose of the same in such manner and at such rates as he may think advisable for lawful money of the United States, &c. In other words, the power is asked, not only to retire by conversion or purchase the hundreds of millions of short obligations before enumerated, but in direct words to grant the additional power, to be exercised at his sole discretion, to withdraw from business uses and general circulation, in part or in whole, $27,523,734 of fractional currency and $423,435,373 legal tenders, and to exchange or sell five-twenty bonds to that vast aggregated amount, checked, limited, restrained in no sense or manner save by his discretion and the harmless enunciation that the proceeds thereof are only to be used for retiring Treasury notes or obligations. Now, while I yield to no one in respect for the financial tact, confidence in the ability, personal and official integrity of the present able and most acceptable Secretary of the Treasury, I submit, sir, is it the part of wisdom, in time of peace, unnecessarily to devolve the exercise of such power upon the discretion of any one officer of the Government? Under this bill his absolute control of the currency, and of course of the business and the fortunes of men and of the country, is perfectly tremendous.

Necker, upon whose successful administration of the public finances in the antecedent convulsions of the French Revolution depended the fate of the King and of the empire, wielded no such powers as are couchant in this bill of the committee. Pitt, who, as First Lord of the Treasury, for nineteen years ruled Parliament and sovereign with an unquestioned sway,

"When Europe paled before the maddened Gaul,"

never asked nor exercised such vast discretion and power over the business of men, over the prosperity and honor of a realm, as this bill proposes to bestow upon the Secretary of the Treasury, whoever may chance to be that officer. I repeat, this is not a personal but an official trust, and as such is exposed to all the mutations of life and of office. As a principle and a precedent, it is not merely questionable, it is dangerous, except established under the duress of direst necessity. No such a necessity has been or will be pretended.

Again, suppose, under this bill, large amounts of these bonds are sold for coin or lawful money of the United States, and the Secretary fails, or for any reason finds it inexpedient, to purchase in any of these outstanding obligations, is it desirable the Secretary or the Government should hold large sums of money carrying no interest? With heavy outstanding liabilities in the way of requisitions, temporary loans, special deposits, &c., I admit the Treasury should be kept strong and the Secretary should have funds "well in hand" at all times, but is there not, or should there not be, a limit to this unproductive accumulation? The payment of the temporary loan at once and the discontinuance of that species of indebtedness,

or if continued on, only at a very low rate of interest, certainly would meet the approbation of the best business men and financiers in all our commercial centers. But, leaving this consideration, can it be the wish and the intention of the committee to place the whole Government currency of the country and the $1,200,000,000 of Government obligations at the beck, not, be it remembered, of Hugh McCulloch, but of a Secretary of the Treasury? The bill undeniably does this. It may turn out well if enacted into a law; and all is well that ends well. Nevertheless, it is a dangerous experiment; would be as a war expedient; as a peace measure, can it be justified in view of any existing or probable apprehended exigency?

The committee's bill contains yet another anomaly—at least it is such in our past financial policy. It has a proviso declaring "that the bonds which may be disposed of elsewhere than in the United States, may be made payable, both principal and interest, in the coin or currency," and territory of a foreign country. Surely such an innovation is entitled to careful examination and consideration before it is adopted.

Four years we have waged a terrific and costly war, the theater of which was spread over many degrees of latitude and longitude. During its continuance we brought into the field from the nineteen loyal States east of the Rocky mountains, including the soldiers of West Virginia and the District of Columbia, 2,610,677 men. Doubtless the eight Federal Territories and the remaining fifteen States, "as was and as is," would swell the Federal forces full up to 3,000,000 men. These troops were better appointed, better supplied in all the departments and branches of the service, than those of any other nation or time whereof history has made a record. We built and equipped and manned such a navy as never floated before. We promised and we paid soldiers and sailors larger bounties and higher wages; while in hospital and camp and active service we fed and clothed and cared for them better; and when peace came we paid off and mustered out our vast levies quicker than was ever before attempted; and all, all, without going abroad to make a loan of a dollar. Why must the expedient now be resorted to, now when large war expenditures have ceased, when we are no longer in the attitude of a necessitous borrower, when anxiety and forebooding have given place to stability and assurance? Is there a necessity sufficiently urgent and imminent to justify so grave a departure from our past policy or present self-consideration, not to say the proprieties of our national pride and honor? If there is, let it be pointed out. We shall be told, as such bonds are only to carry five per cent. interest, there will be a saving of one per cent. interest to the Treasury. Grant it. Is that modicum a sufficient expiation for the violation of that American sentiment, familiar round all our hearth-stones, "Millions for defense, not a cent for tribute?"

We cannot be oblivious of the fact that such change in our bonds is to be made, if made, to induce foreign capitalists to invest in them; the very capitalists, perchance, that but yesterday watched for our halting and hoped our overthrow.

But aside from such a general, perhaps too purely, patriotic consideration, how much will the saving be? The last foreign advices put United States five-twenties in the London market at 71 and a fraction. Continental prices did not very much differ. Interest in coin semi-annually, on the full face of the bond, ultimate payment of the full face in coin, make a pretty dear, I should say, expensive loan. If kept at home, and our own country and citizens have the benefit and profits, we can see, and, I think bear, the operation with a better grace.

Permit me in this connection to read a brief extract from a letter addressed to me last month. It emanates from one of the able men and sound thinkers of a past generation. Enjoying "a green old age," with natural force unabated, though by irreparable misfortune,

"There is no longer speculation in his gaze"

upon outward objects, yet within that "head of a god" there still dwells a mind unimpaired, keen and bright as Ithuriel's spear, observant and watchful of all that pertains to the welfare and prosperity of his country:

"By a just and equitable system of taxation, secure the prompt payment of the interest in gold and silver in New York, and as much of your stock will go abroad as is desirable. It is better for the people of this country who are to be heavily taxed for the next half century, to pay six or even seven per cent. on the bonds in the hands of our own people, than to crowd our debt into the hands of foreigners by any financial contrivance, to be returned upon us at every panic."

Mr. CONKLING. If my colleague has no objection, I would like to know the name of the writer of that letter.

Mr. HULBURD. The name of the writer was familiar to all New York once. It is Azariah C. Flagg, once comptroller of the State of New York.

What with fiscal agencies established abroad to negotiate loans, to keep transfer books, insurance, freight, commissions, coin brought back, coin remitted, or purchase of bills of exchange to pay interest, &c., how much will be left of the one per cent. margin difference of interest? Scarce enough, we may be sure, to lacquer over the humiliation of a great nation going abroad and crying to its commercial compeers and rivals, "Help me, Cassius, or I sink!"

How often have we been vauntingly told that we are a great, independent people, destined ere long to be the nation of the world? What with our telegraph wires and our railroads, stretching across the continent; our steamships bringing home

"The wealth of Ormuz and of Ind"

from every soil and clime, for use and merchandise, we have verily believed that our emporium cities were to be the Marts of Trade, that here were to be the Clearing-Houses and Money Exchanges of the Commerce of the World.

Waiving, however, the propriety of all such considerations and even expectations, is it quite certain that our hat-in-hand application will be successful? Would a five per cent. loan now probably be well received? While at present I attach no especial importance to the reported discoveries of our consul general at Montreal, that such an *animus* exists as would gladly connect and carry out such a scheme, and perhaps now only awaits a fitting opportunity to vent itself, I can easily conceive as quite probable.

But from a mere financial stand-point, what is the prospect? In England the bank rate of interest last month was sharp eight per cent., and our five-twenties were quoted at 66 to 67. The first day of this month the interest rate was lowered to seven, and Federal five-twenties advanced to 71 and a fraction. Something of this advance, no doubt, is due to our financial exhibits, more to a distrust of the stability of the English funds, caused by the Fenian excitement. Even with this adventitious and at best, temporary aid, granting that our monthly statements continue, as we expect they will, favorable, can we reasonably anticipate success for a five per cent. foreign loan? We now have such a loan; and it is, and has always been, far below par; indeed, "a heavy flat" upon the market. If foreigners can send their capital here and get six per cent. for its use, and the one per cent. of difference is not absorbed in commissions, transmissions, &c., assuredly they will find it out, and do it as quickly and as economically as our Treasury agents. But suppose it is authorized and tried—and if it is not to be tried it should not be authorized; for, in my judgment, the less we have of needless, contingent, uncertain, discretionary grants of power, the better—suppose, I say, the loan should be put upon the market, and neglected? We have hawked our credit in vain. Or suppose, contrary to probabilities, any appreciable quantity of it should be taken to that extent, have we not multiplied and supplied bands and withes in hands that in the future as in the past will not be slow to make use thereof to cripple and to bind us?

Instead of legislating to increase the acceptability of our bonds abroad, we may yet see a day when we shall regret inducements had not been stronger and more prevalent to keep them at home. In this connection, perhaps, an item in the financial history of the State of New York may not be unworthy of consideration. Between the years 1825 and 1835, when that State for those times was creating and carrying a large canal debt, the commissioners having its management in charge were repeatedly importuned to make the interest on the State loans payable specifically abroad. They steadily refused. What followed? Depreciation? Neglect? Embarrassment? Not at all. In January, 1833, the redemption of the canal debt was commenced by paying a premium of nine per cent. on the six per cent. stocks due in July, 1837; eighteen per cent. premium was paid on five per cent. stocks due in 1845, and twenty-two to twenty-four per cent. premium was finally paid to anticipate by ten years the payment of six per cents due in 1845.

Did foreigners neglect these stocks because principal and interest were made payable at home? In 1834 it appeared of $5,522,659 of one species of stock outstanding, foreigners held $4,102,975.

Neither the time, nor the instincts of men, nor the channels of trade and of exchanges, are so widely divergent from the past that special legislation is requisite to shape and direct and beacon the Courses and Thoroughfares of Enterprise and Thrift and Interest. Large amounts of our national securities have already gone abroad. Some estimate the amount at $350,000,000; some place the figures as high as $500,000,000. Increased, whatever it may be, no doubt by every steamer that leaves our ports for Europe, the lower figures may be found inconveniently large if a panic or crisis should ensue of magnitude and intensity potent enough to touch to the quick the sensibilities of the Old Lady in Threadneedle street. Would she not in such event clutch and hurl back upon us, reckless of sacrifice, any quantity of our bonds? Suppose such an occurrence should happen when we were in the throes of a financial, commercial, belligerent, or even political crisis. The consequences need not be depicted; they can be foreseen without a prophet's eye.

I have never been able to see a national blessing in a national debt. But I am aware the large public debt of Great Britain has sometimes been held up in that light. Beyond question it is true that it has not been as burdensome as under some circumstances it might have been. Owned and kept at home, the interest has been disbursed and employed among and by the subjects of the realm. The Government scrip or consols, widely and generally held by the well to do of all classes and grades, have everywhere constituted large numbers of citizens, by direct interest, firm Government supporters. This consideration may weigh little with us, yet I apprehend the announcement that a few hundred million Federal securities are now of choice held in the insurgent States by those who whilom were rebels would be hailed as a most auspicious omen.

But, it is urged, some operation is needed to clear out of the way our floating debt and obtain specie to enable us to resume. Without stopping to consider all these suggestions involve, let me ask, do the people, mechanics, merchants, manufacturers, men of means, burdened as they all are by taxes, direct or indirect, wish such a sacrificial preparation made to resume specie payments? The present inflated, high-priced condition of nearly every staple article that enters into the use and consumption of families bears hardest upon men of small means, small incomes, small salaries. And yet I do not believe such persons, even, desire Government to incur such sacrifices and perils as indicated to obtain coin to prepare to get back to the normal condition of gold valuations. I do not say old low prices; that condition we are not again to see while all

the commodities of production are burdened and their prices enhanced by heavy taxation. No, sir, we cannot expect soon again to see those times unless called to behold wide-spread bankruptcy, suffering, ruination. Shall I be told, importation of coin through the medium of a foreign loan is a necessary preliminary step preparatory to a resumption of specie payments? No one can be more desirous, anxious, to hasten that period, by all and every proper means, than myself. I believe, too, the people desire and expect that Congress, in concert with the Secretary, will adopt measures tending to an early adjustment of prices, business, and trade, to the constitutional basis of values—the coin standard. And well I know that specie payments inevitably must be temporary and spasmodic, while large amounts of call loans or short obligations are or can be precipitated upon the market. No sane person ought to expect a resumption unless the banks and Government usher the way. The banks cannot resume until Government leads, and if the half of them are then able to do it and maintain resumption, great relief will be felt in more senses and quarters than one, and a most agreeable surprise will be generally experienced. The connection of Government with the national banks is very intimate, if not inseparable, borrowing as it has their capital and giving as security and in lieu its obligations. These institutions, generally, really have no money means wherewith to make specie payments. If they should attempt it in the present posture of things they could not stand a single business hour without throwing a mass of Government bonds upon the market. It is said on the 1st day of last January they held in their own right over $440,000,000 of United States stocks. Probably at the same date they held of Government short obligations full $200,000,000. With such an impending avalanche of some $650,000,000, potential as Government is, it could not resume and stand the specie call ten consecutive days.

It follows, then, if we are to have a permanent resumption, it must be by the joint and simultaneous action of the banks and Government. As this is impossible in the midst of a floating mass which at any time may impinge and whelm, that mass must be put one side or for a term of years be merged. Admitting, as I do, the full force of all this, I fail to see in this necessity a necessity that only long bonds payable and sold abroad can be employed for such relieving and funding purpose. It is not believed, it is not supposed, that a dollar of these short obligations is now held abroad. On the contrary, every dollar is now held in this country, somewhere, by somebody, association, company, or corporation. On the first Monday of October, 1865, the national banks alone held nearly one sixth of the floating liabilities, ($192,094,365.) Is it not just possible, nay probable, that other holders now carrying some of these short obligations would be able and willing to carry in place of them longer, and, of course, more valuable Government securities—especially if made payable in coin at a fixed and comparatively distant future period—provided the opportunity was presented to them? Once only, I believe, and that within the last six months, has the Secretary, by public notice, tested in this direction the public estimation and ability. He offered $50,000,000 of five-twenties in exchange for five per cent. compound notes and certificates of indebtedness. The whole amount was taken inside the prescribed time, and five-twenty bonds at a premium of three per cent. received therefor. Did not the quickness with which this proposal was filled, notwithstanding the premium, indicate what might be expected, if the bonds in exchange had been offered at par?

Am I to be told the operation produced a stringency in the money market, and therefore it was inexpedient to follow it up? There can never be resumption of specie payments without contraction, and there can never be contraction without a stringency, a pinch somewhere. But in this instance no intelligent observer believes the withdrawment of so small an amount of such representatives of value from business influences could be perceptibly felt or perceived in the effervescing eddies of Wall street. A stringency, no doubt, did exist simultaneous with the Secretary's operation, caused, however, by large calls for currency, to be used in various ways at the South, and in moving western products, the high prices of which required more money than usual to handle them. Judging by that transaction, holders of Government short obligations would gladly exchange them for the common five-twenties if opportunity had been given. Why that operation was not continued, if there existed, as I believe, a desire and a purpose to get ready to resume specie payments, I know not. Certainly the power, under the respective acts of June and March, to issue bonds and to convert these floating liabilities, was not exhausted, nor is it believed to be now. It has been exercised by the Secretary within the last month. Certainly the exercise of the power was not intermitted because there was a difficulty in finding a home demand for the bonds.

Will it be seriously urged that by sale abroad, with the proceeds, the Secretary can buy and bring home gold and thus more easily and speedily resume? Nearly every such attempt to force exchanges, to obstruct and divert the natural courses of trade by unusual efforts, purchasing and importing coin wherewith to resume specie payments, has resulted disastrously. The old United States Bank made the experiment on a large scale by buying up the cotton crop to ship and sell abroad to buy and bring back gold to enable it to resume and maintain specie payments. The attempt hopelessly wrecked that institution. Are not the beacon-lights of experience as safe and as useful for Governments as for corporations or individuals?

If Government when so large a debtor essays in eager haste to overleap the usual barriers of trade or endeavors to obstruct or divert the established channels and courses of exchange,

we may be sure a reaction ere long will follow. Sluices will be opened, dikes will be pierced, and the tidal ebb and flow will restore a commercial equilibrium irrespective of what or who is stranded. The Bank of England, the Bank of France, the Germanic banks, observing such a scheme inaugurated, at once would be stimulated to gather up our securities and force them back upon our market in such quantities as to stop the sale abroad by depreciating the home price, and, of course, deranging our own home traffic in them.

No, no, this extraneous method will be found a most untoward, perilous, and futile way to travel toward a healthy permanent resumption.

If we are to resume and maintain specie payments we must take legitimate steps; we must get out of the way our short obligations; we must prepare for other liabilities as they fall due; we must contract our paper circulation, certainly cease enlarging it, whether denominated United States legal tenders or national bank currency; we must produce and sell, and manufacture and sell, buy and consume less until the balance of production and of manufacture, of trade and of commerce, and of exchange is in favor of families, communities, States, and the nation itself, and then, virtually, resumption of specie payments will be nigh at, if not in hand. It ought not to be overlooked that after the 1st of next July the State bank circulation will be rapidly retired under the operation of the tax to be imposed upon its subsequent reissue. As thereafter nothing but greenbacks and national bank notes will circulate, is it not possible this new condition of things may constitute an auxiliary contraction, which, added to the Secretary's policy in the same direction, will produce all the stringency and all the reduction in issues that the Secretary or any discreet business man will care to see in the country, on change, or in commercial circles? Money is plenty now and everything is easy. A month or a week even, may present a reverse phase, and instead of being complacent spectators or content actors we may be struggling in the depths piteously asking help or forbearance.

But I must not forget that I am discussing not so much the probabilities and the instrumentalities of resumption as the loan bill. Not to prolong further the consideration of its foreign feature, I have but to add that, in this very particular, I stand with the able and patriotic Secretary of the Treasury. He commences the second paragraph, on page 18 of his annual report, December, 1865, with these positive words:

"The debt is large, but if kept at home, as it is desirable it should be, with a judicious system of taxation, it need not be oppressive. It is, however, a debt," &c.

Again, page 29, he says:

"Although it is not desirable that our securities should be held out of the United States, it is desirable that they should be of good credit in foreign markets on account of the influence which these markets exert upon our own."

If, as I believe, this foreign and home view of the question is financially correct and sound, then it is worthy of our consideration, although it disposes at once of the committee's proviso. As seen, the Secretary has declared the undesirableness of our stocks being held abroad. The thermometer of Wall street, on the first promulgation of a purpose here to legislatively superinduce an exotic demand, indicated the domestic effect.

I chanced to be in New York the very day the committee reported the bill. Gold did indeed drop—a little; so did, more, the Federal five-twenties. In a banking-house where I was sitting a gentleman hurried in to inquire if the telegraphic report of the introduction of the bill with the foreign feature was to be believed, declaring, if he thought it would become a law he would that day sell every Government bond he owned. And that man is no stock gambler, but is said to be the heaviest holder of Government securities in New York, if not in the United States.

Another objection of a different character remains to be noticed. The committee's bill prolongs, if it does not augment, some of the most insolvable uncertainties which more or less during the war have attached to and affected all large business engagements and transactions. Under it, at any moment, unannounced, a process of contraction or of expansion may be in operation, materially modifying time contracts or the movements of property. In a condition of peace does a paramount necessity exist for vast occult Government financial operations? Have capitalists, bankers, brokers, during any of the many emergencies Government has passed through in the last four years, in a single instance evinced a disposition to drive a Shylock bargain with it? Outrageous commissions, exorbitant rates, enormous prices have, indeed, been exacted and paid in one if not more of the departmental branches of the Government. If the Treasury Department has been thus victimized, it is not known. On the contrary, I am assured the Secretary has never asked and not been aided. Why should not the same coöperative influences continue in carrying the Government through? Why should additional power be given; or rather why should the Secretary's war discretion and war powers now be enlarged?

Trained myself in a political school, one of whose cardinal principles of faith and practice was, Government should never unnecessarily engage in or interfere with private enterprises or business operations, I am frank to avow the belief that the sooner Government now dissolves, and separates itself from, all connections and interpellations with individual transactions, refrains from endeavoring to influence them, the sooner will a sound, healthy equilibrium be restored in all the conduits and pools and great expanses of trade and commerce and exchange.

The accumulation of a large surplus of coin, with power to sell at his discretion; the authorization, and the exercise of it, to receive *ad libitum* temporary loans, to issue certificates

of indebtedness in indefinite quantities, if continued, assuredly makes him sufficiently potential to disregard the pranks or the combinations of a herd of stampiug "bears" or tossing "bulls."

The bill authorizes the Secretary to call in and fund all or any of the outstanding liabilities of the Government, whether interest-bearing or not; it may be fifty, five hundred, one thousand, fifteen hundred millions even, will be within his scope and reach; he may exchange five-twenty bonds for the amount, whatever it may be. It authorizes him to go without proposals upon the market and sell bonds at his own discretion, to raise money wherewith to pay off any or all of these varied and vast amounts. In Scripture phrase, it is this "hiding of his power," which may be bared and exercised at any moment, that constitutes the impolicy of and the objection to its bestowment. Sir, the gamblers in Wall street will hold high revel in the glorious uncertainties continued and created by this bill. They can discount the probabilities and the phases with every fluctuation of politics, prices, prospects, and vicissitudes of the seasons.

Is such a feverish, speculative condition of things desirable or necessary? If not, the correction is in our hands. The unexhausted acts of June, 1864, and March, 1865, give all needed authority to the Secretary to issue six per cent. bonds, payable at his discretion, not less than five and within forty years from date, to fund the interest-bearing obligations of the Government. Authorize him to give public notice, and require him to be in readiness, according to notice, to issue bonds running a fixed term of years in exchange for these unfunded obligations, specifying the kind, the amount, the priority, and the time of presentation. If it is found Government bonds can be advantageously placed in larger amounts than the interest-bearing liabilities, then, and not until then, let the non-interest-bearing legal tenders be taken in hand by the Secretary, due public notice being given of the intention. Such a course would enable every business man to know what Government contemplated, and to arrange his business and engagements accordingly. Public notice dissipates much of the uncertainty and consequent speculation attending Government stock transactions, engendered and fostered by stealthy precipitancy. There would be no new loan on the market, no apprehension of one; no inexplicable fluctuation of Government securities. Trade would adjust itself to a defined policy. Every man would have the same facilities of information, and of course an equal chance in the Marts and Thoroughfares of Venture and Adventure.

Would such an open financial programme be successful? To a very considerable extent I believe it would—dependent of course upon an easy money market, without which under no circumstances can the five-twenties be floated at par. If for any reason, extraneous or indigenous, this expectation should be disappointed, no disasters could ensue, no bankruptcy could befall the Government before the reassembling of Congress.

On the whole, are not the mischiefs and abuses and dangers so palpable on the one hand, and the probabilities, the inducements, and the seeming advantages so manifest on the other, as to determine and justify the rejection of the committee's bill?

For myself, I do not believe any present legislation of the kind is needed; I believe the Secretary has all necessary power now to retire and fund the obligations of the Government. But if some bill must pass, then the supplement or amended bill of the gentleman from Pennsylvania [Mr. STEVENS] striking out the foreign proviso, the simultaneous right to fund non-interest-bearing with interest-bearing notes, or to issue and sell bonds below par, is by far preferable to the original bill reported by the committee.

If there were time, I should be glad to call attention to an anomaly in our existing financial system, which if any bill is to pass, might, as it seems to me, very properly be the subject of an amendment. In the incipiency of our gigantic loan operations the customs receipts were required to be paid in coin. These receipts were solemnly set apart and pledged for two specific objects—payment of the interest on the public debt, and the creation of a sinking fund for the ultimate extinction of the principal of the public debt. The interest has been promptly paid, and not infrequently anticipated.

The last Congress authorized the Secretary of the Treasury to sell, from time to time, any surplus coin in the Treasury not needed to pay interest, due regard being had to previous provisions pertaining to a sinking fund. By reason of such surplus and such authorization, sales of coin have from time to time been made; the amount and the rates we have no means of knowing. But this we do know; thus far the sinking fund, notwithstanding the pledge and its subsequent recognition, is yet a legislative ideal, a mere myth, that may or may not hereafter have a veritable, tangible Avatar. I do not care to characterize this withholding as bad faith with the public creditor, for thus far the Government has met its pecuniary obligations with comparative punctuality. I do not care to characterize the omission as *quasi*, oblique repudiation; for in the future, as in all the troublous past, the Government may be able to pay "the uttermost farthing." It may be, in the midst of a war requiring immense expenditures, necessitating, after the absorption of every species of revenue, large and numerous loans, the propriety and the economy might be questioned of setting apart borrowed money, or what in effect would be the same thing, diverting other needed funds from common use for the purpose of establishing such a fund. I know elaborate calculations have often been made, and surprising results have been attained, in figures, showing the wondrous fecundity of small sums, the potentiality they possess over vast amounts, when such sums are sacredly placed and the yearly interest is compounded

and consecrated to accumulation. Nevertheless, does not the practicability and the economics of such a hypothesis, in the midst of heavy expenditures and loans, remain to be demonstrated by actuality?

But now, emerging as we are from a condition, comparatively, of consumption and of non-production; no longer in the attitude of a needy borrower, expecting that henceforth revenue, taxes, and reduction will more than balance expenditures, is it not possible, is it not expedient, to "return to the old ways and walk therein," pay as we go, and make provision for the coming future? If gold accumulates in the Treasury in excess of interest demands, does not correct principle as well as solemn pledge obligate us to see the surplus goes, if not to create a sinking fund, at least in positive curtailment of the national indebtedness?

Perhaps in this particular we need not be much exercised. Should the Secretary be at all successful in funding, at no remote day, the coin-interest bonds will be so increased that it is not likely the Treasury very long, or very soon, will be burdened with a specie plethora.

But if such surplus is probable hereafter, may not the mode of disposing of it be improved and made more satisfactory? In the best condition of the market the present attainment of gold is difficult and expensive, cheerfully submitted to, it is true, while the exigencies of Government needed and demanded it to maintain its credit and enable it to make loans. When thus hardly obtained, its sale for currency to go to the commonest uses of Government forces the consideration upon the minds of business men whether the extortion, as it were, of coin thus, and the sale of it in part for such a purpose is necessary, economic, desirable, or even just. Would not the commercial interests and business of the country generally, and the credit of the Government in particular, be subserved, with no detriment to any interest, if the Secretary was authorized to sell any excess of gold over interest requirements for legal tenders and cause the cancelation of the same without substituting or issuing other notes or representatives of indebtedness in lieu or in place of those thus withdrawn from circulation?

This would be reduction of the public debt, in a small way indeed, but in the way and by the very instrumentality, if not in the very mode, solemnly covenanted and pledged to be done in and by former legislation. I have no doubt the announcement, of such an authorization and requirement, would be gladly hailed by all who desire to have the Government keep faith in all its implied, as well as its specific, obligations. I can conceive of a simple method of treating and disposing of this surplus coin question, which, if it did not, as some think, operate an indirect reduction of the customs imposts upon importations, to my mind would be "a more excellent way." Let the Secretary be authorized on all customs payments of $100 and over, to receive, say ten per cent. of the duties in United States non-interest-bearing legal-tender notes, and cancel the same, with no issuance of notes or other representative of indebtedness in place of those retired. I will not pause to particularize the obvious effects and advantages of this dissevrance of the Government from gold speculations; its considerateness of the importer's difficulties in gleaning coin for the customs; its direct appreciation of its own paper in its receipt for its dues. Legal tenders thereupon would begin to approximate in business estimation, perhaps, I might better say, gravitate at once toward our only constitutional standard of value, the specie basis. Persistence in this small percentage of retirement, in time, would bring an insensible proximity of specie payments to, as well as by, Government. Is it not worth the trial? irrespective of being, as it would be, a *quasi* restoration or use of any surplus beyond immediate wants, to the purpose and object fixed and pledged by former legislation. Certainly, if not an adjunct, it would be no impediment to the Secretary's constant and most commendable effort to contract, to retire, and to prepare to resume.

But I must not enlarge. I am hopeful that with economic habits and industrial pursuits in private life; with carefulness in expenditures and appropriations; with such increase of internal revenue as we have a right to expect in a condition of tranquillity and assurance throughout all our borders; with a continuance of the propitious agricultural seasons a beneficent Providence has generally heretofore vouchsafed unto us; with the rapid disemboweling of those vast and varied accretions of mineral wealth, of old hid away, in such wondrous profusion in the matrix of mountain ranges stretching through many parallels of latitude, by the inevitable sequence and revolution of events we shall ere long be in the very midst of that age of gold, foretold, indeed, in Old Song and Story, but awaiting its fullest realization here, here in the birth-land and home of The Great Republic of the Ages.

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